



COMMITTEE ON THE BUDGET

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STRENGTH, GROWTH, OPPORTUNITY THE CONFERENCE REPORT ON THE BUDGET RESOLUTION FOR FISCAL YEAR 2005 (S. Con. Res. 95)

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PRINCIPLES OF THE BUDGET

- This House-Senate agreement provides the necessary guidance for Congress to make its spending and tax decisions for the coming fiscal year.
- As always, this framework will be reviewed again next year, and enhanced or modified as Congress finds appropriate at that time. *Congressional budgeting is an annual process.*
- The conference report adheres to the principal goals of the House-passed budget, supporting *Strength for America, Growth for the Economy, and Opportunity for the Future* by promoting freedom at home and abroad.
- Below are some of the salient details of this budget. (Figures reflect technical adjustments provided in the budget resolution.)

KEY DETAILS OF THE BUDGET

TAX RELIEF POLICY

- The budget assures there are *no tax increases* in tax year 2005. The Committee on Ways and Means will write the specific tax legislation. But this budget could accommodate the current child tax credit of \$1,000 per child; the current level of marriage penalty relief; and the current 10-percent tax bracket.
- The budget reconciles \$27.5 billion in 2005 to prevent tax increases. It also accommodates an additional \$27.7 billion in revenue for House-passed tax legislation that may come back to the House in a conference report.
- The agreement includes for 1 year a Senate point of order, which will lie against any bill that will increase the deficit, *except for the tax provisions, cited above, in reconciliation*. The provision, applicable in the Senate only, sunsets on April 15

TOTAL SPENDING

- The conference report provides \$2.4 trillion in total spending for fiscal year 2005.
- Total mandatory spending for fiscal year 2005 is \$1.541 trillion; total discretionary spending is \$818.891 billion, plus \$2.5 billion for Bioshield.
- Overall non-defense, non-homeland security discretionary spending is level-funded for fiscal year 2005. But the framework allows for increases in certain priority programs; and the final program-level decisions will be made by the Appropriations Committee.

KEY SPENDING DETAILS

- **Defense.** Military spending is at the President's requested level of \$402 billion for fiscal year 2005. The

(continued on reverse side)

budget also provides for up to \$50 billion in fiscal year 2005 for additional needed costs associated with operations in Afghanistan and Iraq.

- **Homeland Security.** The budget provides for a \$2.753 billion increase in discretionary budget authority [BA] – fully accommodating the President’s requested increase. It also separates out the \$2.5 billion in advance funding for Bioshield.
- **Medicare.** The budget fully funds (by congressionally certified estimates) the Medicare reform with prescription drugs enacted last year. Soon all Medicare beneficiaries will have access to a discount card for certain prescription drug costs, and low-income seniors also will receive a \$600 subsidy in conjunction with their discount card. This will be the first stage of the Medicare prescription drug coverage, with further benefits scheduled to begin in 2006.
- **Veterans.** The conference agreement accepts the House’s increase for veterans programs – an increase over the President’s request of \$1.2 billion for fiscal year 2005, with none of the President’s fees.
- **Education.** The budget continues the Republican focus on education, increasing BA in the budget function to accommodate increases in priority programs such as special education State grants, Title I grants to local education agencies, and Pell Grants for low-income college students.
- **Welfare Reform.** The budget supports the successful Temporary Assistance for Needy Families block grant, and accommodates H.R. 4, the Personal Responsibility, Work, and Family Promotion Act, which passed the House in February and is awaiting action in the Senate.
- **Transportation.** The budget assumes a stream of mandatory budget authority for reauthorization of surface transportation programs. It also creates a reserve fund providing additional budget authority to the extent that it is offset in the same or other legislation.
- **Other Initiatives.** The budget also creates special deficit-neutral reserve funds to help manage legislative initiatives in the following areas: health insurance for the uninsured; health insurance for disabled children; survivor benefits for widows of retired military.